

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

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Increased Exploitation of SIV Wells

1. Alexei Korniev, formerly of the SIV Drilling and Production Division, has been recalled to the Soviet Union and replaced by a Soviet national who is now in Vienna.* Recently, Korniev's successor ordered a 12 percent increase in the output of all SIV wells currently in production. [redacted] 50X1-HUM
[redacted] it may be impossible to achieve this increase because of past 50X1-HUM Soviet practises. During the last month, production at DEA II has dropped from about 320 tons per day to 260 tons per day. Despite this decrease, no piping, derricks, or drilling equipment have been removed from this field, and exploratory drillings are still in process. On several occasions, ITAG has delivered piping for the new drillings. [redacted] about 50X1-HUM 25 derricks at DEA II are no longer in operation. During May 1949, DEA II wells produced a total of 9,000 tons of crude oil, 1,500 tons less than the production quota set by the SIV Kantgasse office. The total amount of crude oil produced at DEA I for the same month was 8,100 tons. Recently, the SIV ordered that several of the DEA I wells be treated with hydrochloric acid, and as a result the daily output of these wells has been increased temporarily by 50 tons. Similar hydrochloric acid treatments given to four wells at Maustrenk brought about a slight increase of three to nine tons per day.

Matzen

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At present, exploratory drillings are being made at seven points in the Matzen fields. Of the seven derricks erected, three were transferred from the Muehlberg oil fields. Well No. 3 is producing an estimated 80 tons of crude oil per day or 130 to 150 tons (sic) per month, but the gas pressure has fallen off about 30 percent, and Soviet engineers are now using a 16 mm beam to maintain production.** [redacted] pressure from the SIV Kantgasse office and Moscow has resulted in the practise of deep drilling, which in the case of Well No. 2 and one other well, reached a stratum where the percentage of water is exceedingly high. The Soviet geologist in charge of Well No. 2, in order to increase its production, ordered drilling to proceed to a depth of 2,400 meters. Although Well No. 2 is operating with a gas lift and now produces about 120 metric tons every 24 hours, approximately 75 percent of its output is water. The gas pressure in the drill casing at Well No. 2 is now 120 atmospheres.*** The Soviet geologists and engineers are now held responsible for failure to exploit

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the Matzen oil wells to the level of production prescribed by Moscow and the SMV Kantgasse office; [] Korniev was recalled to the Soviet Union for this reason. Dr. Friedl (fnu), chief Austrian geologist of SMV, refused to accept Korniev's post.

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Muehlberg fields

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3. Although the Soviets still consider Muehlberg one of the most promising of the SMV oil fields, it has been so thoroughly exploited that its resources will probably be of value to the Soviets for another two years at the most. [] There are no eruptive wells at Muehlberg, seven wells are being exploited with deep pumps, all other wells are operating with gas lifts, and there is a marked increase in the water content of the oil. Although on several occasions during May 1949, the daily output of the Muehlberg fields exceeded a total of 1,300 tons, production at Muehlberg has actually decreased, and [] the daily output averages 1,100 to 1,250 tons.

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ITAG

4. During June 1949, the SMV Kantgasse office refused to allocate to ITAG piping critically needed at the time for the more productive wells, which were producing about 160 tons of crude oil per day. Early in July, this shortage was partially relieved with the receipt of 1,500 meters of 2½ inch piping from the SMV warehouse at Dobermansdorf. []

Dismantling and Transfer of Equipment

5. Since August 1948, 17,000 meters of 2½ inch piping, 12,000 meters of three and four inch conveyor piping, seven complete oil derricks, and pumping equipment have been dismantled and transferred from ITAG to the Muehlberg and Matzen fields. Although the sales value of this equipment has been credited to ITAG's account at the Soviet Military Bank, the credit actually represents only the book value, because none of this equipment can be purchased at the values assessed by the Soviets. A crew of 80 to 100 workers from Bau & Montage Section, Muehlberg, under the supervision of Engr. Karolus, former electrical engineer at Muehlberg, has removed the four inch underground pipeline, which runs for a distance of 4,000 meters between Maustrenk and Schaffeneck, and the 7,000 meter line from Maustrenk to the E.P.G. loading point at Gaiselberg. All of this piping has been sent to Matzen. Five 80 cubic meter storage tanks have been transferred from Hauskirchen to Matzen, and the large 3,000 cubic meter storage tank at Maustrenk is now being dismantled and will be sent to Matzen. Recently, Babushkin, chief Soviet engineer at the SMV Kantgasse office, ordered a lathe, planing machine, and two drills to be transferred from ITAG's machine shop to Muehlberg and Matzen. [] once this machinery is removed, ITAG's production will be halved. Heretofore, ITAG's repair work has been done at its own machine shop; in the future, ITAG will send its repair work to the DEA I workshop at Neusiedl. The machine shop at DEA I is now being enlarged and may become the central machine and repair shop for all SMV oil fields.

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Zistersdorf and Matzen Crude Oil Deliveries during May 1949

6. [] during the month of May 1949, the following amounts of crude oil were delivered to Soviet-controlled refineries by Zistersdorf and Matzen oil fields.*****

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<u>Field</u>	<u>Number of Wells in Production</u>	<u>Total Amount of Crude Oil Delivered</u>
ITAG (Hauskirchen)	32	3,658
ITAG (Wintershall- Maustrenk)	20	1,316
ITAG (Hohenruppersdorf)	(Well No. 16)	71
DEA I (Neusiedl)		8,700
DEA II (Hauskirchen)	52	9,400
E.P.G.	37	5,200
Van Sickle		5,600
Muehlberg	38	34,000
Rohoel A.G.		15,000
Matsen	1	6,500
Estimated total		89,445 metric tons

SMV Purchase of Seamless Piping

7. According to Bittermann, an Austrian engineer, at the end of May 1949, the [redacted] signed a contract with an unnamed [redacted] firm for the shipment of seamless 50X1-HUM piping in exchange for oil and dollars.***** Bittermann allegedly stated that shipments of 6 5/8 inch, 8 5/8 inch, and 9 5/8 inch [redacted] piping have 50X1-HUM already been received at the SMV warehouse in Neusiedl. Bittermann claimed no knowledge of further details about this shipment of piping. In this connection, he mentioned that the Czechoslovaks have stopped delivering piping to the SMV, because the Soviets have not paid for previous shipments. [redacted] 50X1-HUM

Sale of Stocks to Czechoslovakia

8. Surplus stocks of chemicals and other supplies at various SMV refineries, primarily the stocks at Rumpel-Siebenhirten, are being sold to Czechoslovak oil interests. [redacted] these stocks may be destined for use in connection with exploratory drillings now being made in Czechoslovakia in the vicinity of the Austrian border towns. Laa a.d. Thaya, Lundenburg, and Duernkrut. [redacted] these drillings have been successful.*****

* [redacted] 50X1-HUM
[redacted] 50X1-HUM
Comments: The appointment of Korniev, former deputy in the Drilling and Production Division of the SMV, to replace Yegorov as head of the SMV Technical Branch [redacted] 50X1-HUM

** [redacted] 50X1-HUM
Comment: [redacted] an 8 mm [redacted] 50X1-HUM
is being used, the daily output averages from 120 to 150 tons per day, and Well No. 3 is eruptive at 92 atmospheres. [redacted] 50X1-HUM

*** [redacted] 50X1-HUM
Comment: This information regarding the daily output of Well No. 2 has been confirmed [redacted]

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Comment: This shipment of piping may be of Soviet origin.

Comment: [redacted] these figures represent the total amount of crude oil delivered to Soviet-controlled refineries; however, when these amounts are compared [redacted] it is possible to conclude that these figures might represent the total amount of crude oil actually produced at Zistersdorf and Matzen during May 1949.

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Comment: [redacted]

[redacted] it was reported that four representatives [redacted] were in Vienna negotiating with USIA for the sale of seamless piping.

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Comment: This information on exploratory drilling in the vicinity of the Austro-Czechoslovak border has been confirmed [redacted]

[redacted] workers in the Austrian oil fields have been sent across the border to borrow tools, and [redacted] about 15 carloads of crude oil per day are being sent to Czechoslovakia for refining. [redacted] the administrations of the Austrian and Czechoslovak oil fields are connected in some way.

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